

Exhibit 26

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CONFIDENTIAL

October 31, 2018

BY EMAIL

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Re: Request for Cooperation In Connection with DIP Process and Going Concern Bid

Dear Ray:

I am writing on behalf of ESL Investments, Inc., its affiliated investment funds and Edward S. Lampert (together, “ESL”) concerning the chapter 11 proceedings of Sears Holdings Corporation and its affiliated debtors (collectively, the “Debtors”). By this letter, I am requesting the prompt cooperation of the Debtors and their advisors in connection with ESL’s ongoing efforts to help arrange for DIP financing and a going concern bid for substantially all the Debtors’ assets.

As we have discussed, ESL believes that the best way for the Debtors to maximize the value of the estates (and to preserve tens of thousands of jobs) may be a going concern sale. During the first day hearings you, on behalf of the Debtors, highlighted the Debtors’ interest in preserving the possibility of such a sale, which is also an important milestone in the ABL DIP Financing Credit Agreement. The Debtors have also said that a new DIP financing of \$300 million or more (in addition to the existing ABL DIP Financing) is necessary to preserve the possibility of any such going concern sale.

With this background, last night I sent you a draft DIP financing proposal which ESL is actively pursuing. ESL, of course, realizes that there may be other DIP financing opportunities for

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the Debtors and consequently supports a competitive DIP financing process that results in the most favorable financing possible for the Debtors. For a number of reasons, including its demonstrated commitment to the Debtors' business, ESL may be the best party to help arrange for and participate in the DIP and to make a going concern bid.

ESL's ability to participate in a DIP and to pursue a going concern bid, however, depends on the participation of other parties alongside ESL. Indeed, as you know, a number of potential parties have reached out to ESL and its advisors about the possibility of participating with ESL in a DIP financing and/or a going concern bid. ESL has requested the Debtors' permission to share confidential information with these parties, but the Debtors have often withheld or delayed such permission. The inability to share confidential information and engage with potentially interested parties has delayed ESL's efforts to develop a potential DIP financing package and to put together a fully financed bid by December 15, 2018, as contemplated by the ABL DIP Financing Credit Agreement.

To be specific, as you know, ESL has repeatedly requested authorization to begin DIP financing discussions with Great American, Carlyle, Brigade, Fortress, Oaktree, among others, each of which reached out to ESL or its advisors about participating in the DIP as co-lenders. However, the Company's advisors have not yet provided such permission unless each party confirms that it is only willing to do so exclusively with ESL and by default self-select out of any other DIP financing discussions which do not involve ESL. While I know you have good intentions, the unilateral imposition of this condition is jeopardizing our efforts to develop a DIP financing package. ESL itself has not required that any potential co-lenders commit to work exclusively with ESL and has been clear that all potential co-lenders would be free to discuss and pursue a potential DIP with any other parties. Thus, any claim that discussions between ESL and these co-lenders would somehow chill the market for financing is misplaced. To the contrary, it is the delay in granting permission that is potentially interfering with the DIP financing process by imposing an a condition that would understandably not be agreed to by any party that does not wish to commit to exclusivity with ESL.

Similarly, we understand that the Debtors have yet to execute non-disclosure agreements ("NDAs") with a number of potential investors who may be interested in working with ESL on a going concern bid, including, among others, Baupost, Elliot, and Fortress. Nor have the Debtors established a data room for such interested parties. ESL needs to begin discussions with these parties, also on a nonexclusive basis, but it is constrained from doing so due to the Debtors' decision to not promptly engage with the potential investors and to not authorize them to receive confidential information. I know that you will be seeking bankruptcy court approval for a sales process, but as we have discussed, there is no need to wait for bankruptcy court approval to execute NDAs or create a dataroom. We thus reiterate our request that this process be expedited, including that any outstanding NDAs be promptly executed with interested investors.

It goes without saying that time is of the essence. Given the December 15, 2018 bid deadline imposed by the ABL DIP Lenders, ESL (and other parties) must operate on simultaneous dual tracks in working to arrange DIP financing and preparing a going concern bid. To do this, ESL (and other parties) need to engage with all potential partners on a non-exclusive basis.

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Sharing information with potential co-lenders and investors is just the first step of many. Creating obstacles in this process puts at risk the Debtors' continued existence and more than 68,000 jobs.

I know that you are incredibly busy, and that you are working tirelessly to stabilize the Debtors, but if we are not able to resolve these issues promptly, ESL will be forced to seek relief from the Court. I look forward to your response.

Very truly yours,



Sean A. O'Neal

cc:

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